

## Treasury Management – Borrowing and Investments

### Borrowing

Table 1 below shows the breakdown of the types of external borrowing held by the Council:

**Table 1 – Borrowing summary**

	31.3.23 Balance £m	Net Movement £m	31.06.23 Balance £m	31.06.23 Weighted Average Rate %	31.06.23 Weighted Average Maturity (years)
Public Works Loan Board	55.1	0.0	55.1	3.4%	15.7
Banks (LOBO)	3.5	0.0	3.5	4.8%	31.6
Banks (fixed-term)	3.9	0.0	3.9	4.7%	30.6
Local authorities (long-term)	0.0	0.0	0.0	0.0%	0.0
Local authorities (short-term)	0.0	0.0	0.0	0.0%	0.0
<b>Total borrowing</b>	<b>62.6</b>	<b>0.0</b>	<b>62.6</b>	<b>0.0</b>	<b>17.5</b>

Since the beginning of the reporting period the Council has paid £81k in interest on borrowing. The forecasted amount to be spent on interest on loans for the financial year 23/24 in total is £2.2m. The overall interest rate on borrowing is 3.6%. There is no change to this budget and spending is in line with expectations.

During the reporting period the Council has not yet paid back any principle on its loans. It is forecasting to repay £2.7m in PWLB loan principle by the end of the year. £1.2m of this is annuity loans whereby regular payments are made throughout the lifetime of the loan and the other is a maturity loan of £1.5m.

The Council also has a Lender Option Borrower Option (LOBO) loan whereby the lender has the option on call dates throughout the year to offer an alternative interest rate. This offer can be taken up by the Authority or the loan can be repaid when that offer is made. The Council holds £3.5m in LOBO loans. Existing procedures are in place for decisive action to be taken in the case of a 'call' to ensure best value for the Council.

The budget for borrowing principle repayments are in line to be met. The only variation that may occur is if the LOBO is called and repaid. This will cause an increase cost pressure of £3.5m in year.

### Investments

The breakdown of external investments held by the Council and movement since 31 March 2023 are shown in Table 2 below:

**Table 2 – Investment summary**

	<b>31.3.23</b>	<b>Net</b>	<b>30.06.2023</b>	<b>30.06.2023</b>	<b>30.06.2023</b>
	<b>Balance</b>	<b>Movement</b>	<b>Balance</b>	<b>Income Return</b>	<b>Weighted Average Maturity</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>%</b>	<b>days</b>
Banks & building societies (unsecured)	2.0	0.0	2.0	4.5%	1.3
Government (incl. local authorities)	37.0	(4.0)	33.0	4.6%	86.8
Money Market Funds	4.1	13.9	18.0	4.7%	0.3
<b>Total investments</b>	<b>43.1</b>	<b>9.9</b>	<b>53.0</b>	<b>4.7%</b>	<b>88.5</b>

- 5.0.1 The Authority has budgeted £795k in interest income from investments after deductions in 2023/24. Actual income received by 30 June 2023 was £539k. The Council is now forecasting the risk adjusted interest received by 31 March 2024 to be £1.5m and after deductions income to be £1.2m. It is important to note the difficulty in making accurate interest return forecasts in a volatile economic environment. These forecasts is likely to change again over the coming months as such an 80% risk adjustment is placed on anticipated income to avoid overreliance on interest return on budgets.